LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 889

Introduced by Flood, 19.

Read first time January 11, 2008

Committee: Government, Military and Veterans Affairs

A BILL

1	FOR AN A	ACT relating to political subdivisions; to amend sections
2		79-2001, 79-2002, 79-2003, 79-2004, 79-2005, 79-2006,
3		79-2007, 79-2008, 79-2009, 79-2010, 79-2011, 79-2012,
4		79-2013, and 79-2015, Reissue Revised Statutes of
5		Nebraska; to transfer and rename the Nebraska Schools
6		Construction Alternatives Act; to provide construction
7		alternatives for political subdivisions; to eliminate
8		limitations on contracts; to repeal the original
9		sections; and to outright repeal section 79-2014, Reissue
10		Revised Statutes of Nebraska.

Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-2001, Reissue Revised Statutes of

- 2 Nebraska, is amended to read:
- 3 $\frac{79-2001}{}$ Sections $\frac{79-2001}{}$ to $\frac{79-2015}{}$ 1 to 15 of this act
- 4 shall be known and may be cited as the Nebraska Schools Political
- 5 Subdivisions Construction Alternatives Act.
- 6 Sec. 2. Section 79-2002, Reissue Revised Statutes of
- 7 Nebraska, is amended to read:
- 8 79-2002 The purpose of the Nebraska Schools Political
- 9 Subdivisions Construction Alternatives Act is to authorize a
- 10 school district political subdivision to enter into a design-build
- 11 contract which is subject to qualification-based selection or a
- 12 construction management at risk contract for a public project if
- 13 the school district political subdivision adheres to the procedures
- 14 set forth in the act.
- 15 Sec. 3. Section 79-2003, Reissue Revised Statutes of
- 16 Nebraska, is amended to read:
- 18 Subdivisions Construction Alternatives Act:
- 19 (1) Construction management at risk contract means
- 20 a contract by which a construction manager (a) assumes the
- 21 legal responsibility to deliver a construction project within a
- 22 contracted price to the school district, political subdivision, (b)
- 23 acts as a construction consultant to the school district political
- 24 <u>subdivision</u> during the design development phase of the project when
- 25 the school district's political subdivision's architect or engineer

1 designs the project, and (c) is the builder during the construction

- 2 phase of the project;
- 3 (2) Construction manager means the legal entity which
- 4 proposes to enter into a construction management at risk contract
- 5 pursuant to the act;
- 6 (3) Design-build contract means a contract which
- 7 is subject to qualification-based selection between a school
- 8 district political subdivision and a design-builder to furnish
- 9 (a) architectural, engineering, and related design services for a
- 10 project pursuant to the act and (b) labor, materials, supplies,
- 11 equipment, and construction services for a project pursuant to the
- 12 act;
- 13 (4) Design-builder means the legal entity which proposes
- 14 to enter into a design-build contract which is subject to
- 15 qualification-based selection pursuant to the act;
- 16 (5) Letter of interest means a statement indicating
- 17 interest to enter into a design-build contract or a construction
- 18 management at risk contract for a project pursuant to the act;
- 19 (6) Performance-criteria developer means any person
- 20 licensed or any organization issued a certificate of authorization
- 21 to practice architecture or engineering pursuant to the Engineers
- 22 and Architects Regulation Act who is selected by a school district
- 23 political subdivision to assist the school district political
- 24 <u>subdivision</u> in the development of project performance criteria,
- 25 requests for proposals, evaluation of proposals, evaluation of the

1 construction under a design-build contract to determine adherence

- 2 to the performance criteria, and any additional services requested
- 3 by the school district political subdivision to represent its
- 4 interests in relation to a project;
- 5 (7) Political subdivision means a city, village, county,
- 6 school district, community college, state college, public power
- 7 district, or natural resources district and any other unit of
- 8 government created by the state, including any entity created
- 9 pursuant to the Interlocal Cooperation Act or the Joint Public
- 10 Agency Act;
- 11 (8) Project performance criteria means the
- 12 performance requirements of the project suitable to allow the
- 13 design-builder to make a proposal. Performance requirements include
- 14 the following, if required by the project: Capacity, durability,
- 15 standards, ingress and egress requirements, description of the
- 16 site, surveys, soil and environmental information concerning the
- 17 site, interior space requirements, material quality standards,
- 18 design and construction schedules, site development requirements,
- 19 provisions for utilities, storm water retention and disposal,
- 20 parking requirements, applicable governmental code requirements,
- 21 and other criteria for the intended use of the project;
- 22 (8) (9) Proposal means an offer in response to a request
- 23 for proposals (a) by a design-builder to enter into a design-build
- 24 contract for a project pursuant to the act Political Subdivisions
- 25 Construction Alternatives Act or (b) by a construction manager to

1 enter into a construction management at risk contract for a project

- 2 pursuant to the act;
- 3 (9) (10) Qualification-based selection process means
- 4 a process of selecting a design-builder based first on
- 5 the qualifications of the design-builder and then on the
- 6 design-builder's proposed approach to the design and construction
- 7 of the project;
- 8 (10) (11) Request for letters of interest means the
- 9 documentation or publication by which a school district political
- 10 subdivision solicits letters of interest; and
- 11 (12) Request for proposals means the documentation
- 12 by which a school district political subdivision solicits
- 13 proposals. + and
- 14 (12) School district means any school district classified
- 15 under section 79-102.
- 16 Sec. 4. Section 79-2004, Reissue Revised Statutes of
- 17 Nebraska, is amended to read:
- 18 79-2004 (1) Notwithstanding the procedures for public
- 19 lettings in sections 73-101 to 73-106 or any other statute relating
- 20 to the letting of bids by a political subdivision, a school
- 21 district political subdivision which follows the Nebraska Schools
- 22 Political Subdivisions Construction Alternatives Act may solicit
- 23 and execute a design-build contract or a construction management at
- 24 risk contract.
- 25 (2) The school board governing body of the political

1 <u>subdivision</u> shall adopt a resolution selecting the design-build

- 2 contract or construction management at risk contract delivery
- 3 system provided under the act prior to proceeding with the
- 4 provisions of sections 79-2005 to 79-2015. 5 to 15 of this
- 5 act. The resolution shall require the affirmative vote of at least
- 6 seventy-five percent of the school board. governing body of the
- 7 political subdivision.
- 8 Sec. 5. Section 79-2005, Reissue Revised Statutes of
- 9 Nebraska, is amended to read:
- 10 79-2005 The school district political subdivision shall
- 11 adopt policies for entering into a design-build contract or
- 12 construction management at risk contract. The policies shall
- 13 require that such contracts include the following:
- 14 (1) Procedures for selecting and hiring on its behalf
- 15 a performance-criteria developer when soliciting and executing a
- 16 design-build contract. The procedures shall be consistent with the
- 17 Nebraska Consultants' Competitive Negotiation Act and shall provide
- 18 that the performance-criteria developer (a) is ineligible to be
- 19 included as a provider of any services in a proposal for the
- 20 project on which it has acted as performance-criteria developer
- 21 and (b) is not employed by or does not have a financial or
- 22 other interest in a design-builder or construction manager who will
- 23 submit a proposal;
- 24 (2) Procedures for the preparation and content of
- 25 requests for proposals;

1 (3) Procedures and standards to be used to prequalify

- 2 design-builders and construction managers. The procedures and
- 3 standards shall provide that the school district political
- 4 subdivision will evaluate prospective design-builders and
- 5 construction managers based on the information submitted to the
- 6 school district political subdivision in response to a request for
- 7 letters of interest and will select design-builders or construction
- 8 managers who are prequalified and consequently eligible to respond
- 9 to the request for proposals;
- 10 (4) Procedures for preparing and submitting proposals;
- 11 (5) Procedures for evaluating proposals in accordance
- 12 with sections 79-2008, 79-2010, and 79-2011; 8, 10, and 11 of this
- 13 <u>act;</u>
- 14 (6) Procedures for negotiations between the school
- 15 district political subdivision and the design-builders or
- 16 construction managers submitting proposals prior to the acceptance
- 17 of a proposal if any such negotiations are contemplated;
- 18 (7) Procedures for filing and acting on formal protests
- 19 relating to the solicitation or execution of design-build contracts
- 20 or construction management at risk contracts; and
- 21 (8) Procedures for the evaluation of construction under
- 22 a design-build contract by the performance-criteria developer to
- 23 determine adherence to the performance criteria.
- Sec. 6. Section 79-2006, Reissue Revised Statutes of
- 25 Nebraska, is amended to read:

1 79-2006 (1) A school district political subdivision

- 2 shall prepare a request for letters of interest for design-build
- 3 proposals and shall prequalify design-builders in accordance with
- 4 this section. The request for letters of interest shall describe
- 5 the project in sufficient detail to permit a design-builder to
- 6 submit a letter of interest.
- 7 (2) The request for letters of interest shall be (a)
- 8 published in a newspaper of general circulation within the school
- 9 district political subdivision at least thirty days prior to
- 10 the deadline for receiving letters of interest and (b) sent by
- 11 first-class mail to any design-builder upon request.
- 12 (3) Letters of interest shall be reviewed by the
- 13 school district political subdivision in consultation with the
- 14 performance-criteria developer. The school district political
- 15 subdivision shall select prospective design-builders in accordance
- 16 with the procedures and standards adopted by the school district
- 17 political subdivision pursuant to section 79-2005. 5 of this
- 18 act. The school district political subdivision shall select at
- 19 least three prospective design-builders, except that if only
- 20 two design-builders have submitted letters of interest, the
- 21 school district political subdivision shall select at least two
- 22 prospective design-builders. The selected design-builders shall
- 23 then be considered prequalified and eligible to receive requests
- 24 for proposals.
- 25 Sec. 7. Section 79-2007, Reissue Revised Statutes of

- 1 Nebraska, is amended to read:
- 2 79-2007 A school district political subdivision shall
- 3 prepare a request for proposals for each design-build contract in
- 4 accordance with this section. Notice of the request for proposals
- 5 shall be published in a newspaper of general circulation within the
- 6 school district and filed with the State Department of Education
- 7 political subdivision at least thirty days prior to the deadline
- 8 for receiving and opening proposals. A notice of the request for
- 9 proposals by a school district shall be filed with the State
- 10 Department of Education at least thirty days prior to the deadline
- 11 for receiving and opening proposals. The request for proposals
- 12 shall contain, at a minimum, the following elements:
- 13 (1) The identity of the school district political
- 14 subdivision for which the project will be built and the school
- 15 district political subdivision that will execute the design-build
- 16 contract;
- 17 (2) Policies adopted by the school district political
- 18 subdivision in accordance with section 79-2005; 5 of this act;
- 19 (3) The proposed terms and conditions of the design-build
- 20 contract, including any terms and conditions which are subject
- 21 to further negotiation. The proposed general terms and conditions
- 22 shall be consistent with nationally recognized model general terms
- 23 and conditions which are standard in the design and construction
- 24 industry in Nebraska. The proposed terms and conditions may
- 25 set forth an initial determination of the manner by which the

1 design-builder selects any subcontractor and may require that any

- 2 work subcontracted be awarded by competitive bidding;
- 3 (4) A project statement which contains information about
- 4 the scope and nature of the project;
- 5 (5) Project performance criteria;
- 6 (6) Budget parameters for the project;
- 7 (7) Any bonds and insurance required by law or as
- 8 may be additionally required by the school district; political
- 9 subdivision;
- 10 (8) The criteria for evaluation of proposals and the
- 11 relative weight of each criterion;
- 12 (9) A requirement that the design-builder provide a
- 13 written statement of the design-builder's proposed approach to
- 14 the design and construction of the project, which may include
- 15 graphic materials illustrating the proposed approach to design and
- 16 construction but shall not include price proposals;
- 17 (10) A requirement that the design-builder agree to the
- 18 following conditions:
- 19 (a) An architect or engineer licensed to practice in
- 20 Nebraska will participate substantially in those aspects of the
- 21 offering which involve architectural or engineering services;
- 22 (b) At the time of the design-build offering, the
- 23 design-builder will furnish to the school board governing body
- 24 of the political subdivision a written statement identifying
- 25 the architect or engineer who will perform the architectural

- 1 or engineering work for the design-build project;
- 2 (c) The architect or engineer engaged by the
- 3 design-builder to perform the architectural or engineering work
- 4 with respect to the design-build project will have direct
- 5 supervision of such work and may not be removed by the
- 6 design-builder prior to the completion of the project without
- 7 the written consent of the school board; governing body of the
- 8 political subdivision;
- 9 (d) A design-builder offering design-build services with
- 10 its own employees who are design professionals licensed to practice
- 11 in Nebraska will (i) comply with the Engineers and Architects
- 12 Regulation Act by procuring a certificate of authorization to
- 13 practice architecture or engineering and (ii) submit proof of
- 14 sufficient professional liability insurance; and
- 15 (e) The rendering of architectural or engineering
- 16 services by a licensed architect or engineer employed by the
- 17 design-builder will conform to the Engineers and Architects
- 18 Regulation Act and rules and regulations adopted under the act; and
- 19 (11) Other information which the school district
- 20 <u>political subdivision</u> chooses to require.
- 21 Sec. 8. Section 79-2008, Reissue Revised Statutes of
- 22 Nebraska, is amended to read:
- 23 79-2008 (1) A school district political subdivision shall
- 24 evaluate proposals for a design-build contract in accordance with
- 25 this section.

1 (2) The request for proposals shall be sent only to the

- 2 prequalified design-builders selected pursuant to section 79-2006.
- 3 6 of this act.
- 4 (3) Design-builders shall submit proposals as required
- 5 by the request for proposals. The school district political
- 6 <u>subdivision</u> may only proceed to negotiate and enter into a
- 7 design-build contract if there are at least two proposals from
- 8 prequalified design-builders.
- 9 (4) Proposals shall be sealed and shall not be opened
- 10 until expiration of the time established for making proposals as
- 11 set forth in the request for proposals.
- 12 (5) Proposals may be withdrawn at any time prior to
- 13 acceptance. The school district political subdivision shall have
- 14 the right to reject any and all proposals except for the purpose
- 15 of evading the provisions and policies of the Nebraska Schools
- 16 Political Subdivisions Construction Alternatives Act. The school
- 17 <u>district political subdivision may thereafter solicit new proposals</u>
- 18 using the same or a different project performance criteria.
- 19 (6) The school district political subdivision shall rank
- 20 in order of preference the design-builders pursuant to the criteria
- 21 in the request for proposals and taking into consideration the
- 22 recommendation of the selection committee pursuant to section
- 23 $\frac{79-2011}{}$ 11 of this act.
- 24 (7) The school district political subdivision may
- 25 attempt to negotiate a design-build contract with the highest

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ranked design-builder selected by the school district political 1 2 subdivision and may enter into a design-build contract after 3 negotiations. The negotiations shall include a final determination of the manner by which the design-builder selects a subcontractor. 4 If the school district political subdivision is unable to 5 negotiate a satisfactory design-build contract with the highest 6 ranked design-builder, the school district political subdivision 7 8 may terminate negotiations with that design-builder. The school 9 district political subdivision may then undertake negotiations with 10 the second highest ranked design-builder and may enter into a 11 design-build contract after negotiations. If the school district 12 political subdivision is unable to negotiate a satisfactory

design-build contract after negotiations. 17 (8) The A school district shall file a copy of all 18 design-build contract documents with the State Department of 19 Education within thirty days after their full execution. Within 20 thirty days after completion of the project, the design-builder 21 shall file a copy of all contract modifications and change orders 22 with the department.

contract with the second highest ranked design-builder, the school

district political subdivision may undertake negotiations with the

third highest ranked design-builder, if any, and may enter into a

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23 (9) If the school district political subdivision is 24 unable to negotiate a satisfactory contract with any of the ranked 25 design-builders, the school district political subdivision may

1 either revise the request for proposals and solicit new proposals

- 2 or cancel the design-build process under the act.
- 3 Sec. 9. Section 79-2009, Reissue Revised Statutes of
- 4 Nebraska, is amended to read:
- 5 79-2009 A school district political subdivision shall
- 6 prepare a request for proposals for each construction management at
- 7 risk contract in accordance with this section. At least thirty days
- 8 prior to the deadline for receiving and opening proposals, notice
- 9 of the request for proposals shall be published in a newspaper of
- 10 general circulation within the school district and filed with the
- 11 State Department of Education. political subdivision. A notice of
- 12 the request for proposals by a school district shall be filed with
- 13 the State Department of Education at least thirty days prior to
- 14 the deadline for receiving and opening proposals. The request for
- 15 proposals shall contain, at a minimum, the following elements:
- 16 (1) The identity of the school district political
- 17 <u>subdivision</u> for which the project will be built and the school
- 18 district political subdivision that will execute the contract;
- 19 (2) Policies adopted by the school district political
- 20 <u>subdivision</u> in accordance with section 79-2005; 5 of this act;
- 21 (3) The proposed terms and conditions of the contract,
- 22 including any terms and conditions which are subject to further
- 23 negotiation. The proposed general terms and conditions shall be
- 24 consistent with nationally recognized model general terms and
- 25 conditions which are standard in the design and construction

1 industry in Nebraska. The proposed terms and conditions may

- 2 set forth an initial determination of the manner by which the
- 3 construction manager selects any subcontractor and may require that
- 4 any work subcontracted be awarded by competitive bidding;
- 5 (4) Any bonds and insurance required by law or as
- 6 may be additionally required by the school district; political
- 7 subdivision;
- 8 (5) General information about the project which will
- 9 assist the school district political subdivision in its selection
- 10 of the construction manager, including a project statement which
- 11 contains information about the scope and nature of the project, the
- 12 project site, the schedule, and the estimated budget;
- 13 (6) The criteria for evaluation of proposals and the
- 14 relative weight of each criterion; and
- 15 (7) A description of any other information which the
- 16 school district political subdivision chooses to require.
- 17 Sec. 10. Section 79-2010, Reissue Revised Statutes of
- 18 Nebraska, is amended to read:
- 20 evaluate proposals for a construction management at risk contract
- 21 in accordance with this section.
- 22 (2) The school district political subdivision shall
- 23 evaluate and rank each proposal on the basis of best meeting the
- 24 criteria in the request for proposals and taking into consideration
- 25 the recommendation of the selection committee pursuant to section

1 79-2011. 11 of this act.

2 (3) The school district political subdivision shall 3 attempt to negotiate a construction management at risk contract with the highest ranked construction manager and may enter into a 4 5 construction management at risk contract after negotiations. The negotiations shall include a final determination of the manner 6 7 by which the construction manager selects a subcontractor. If 8 the school district political subdivision is unable to negotiate 9 a satisfactory contract with the highest ranked construction 10 manager, the school district political subdivision may terminate 11 negotiations with that construction manager. The school district 12 political subdivision may then undertake negotiations with the 13 second highest ranked construction manager and may enter into a 14 construction management at risk contract after negotiations. If 15 the school district political subdivision is unable to negotiate a 16 satisfactory contract with the second highest ranked construction manager, the school district political subdivision may undertake 17 18 negotiations with the third highest ranked construction manager, if 19 any, and may enter into a construction management at risk contract 20 after negotiations. 21 (4) The A school district shall file a copy of all 22 construction management at risk contract documents with the State Department of Education within thirty days after their full 23 execution. Within thirty days after completion of the project, 24 25 the construction manager shall file a copy of all contract

1 modifications and change orders with the department.

- 2 (5) If the school district political subdivision is
- 3 unable to negotiate a satisfactory contract with any of the ranked
- 4 construction managers, the school district political subdivision
- 5 may either revise the request for proposals and solicit new
- 6 proposals or cancel the construction management at risk process
- 7 under the act. Political Subdivisions Construction Alternatives
- 8 Act.
- 9 Sec. 11. Section 79-2011, Reissue Revised Statutes of
- 10 Nebraska, is amended to read:
- 12 sections 79-2008 and 79-2010, 8 and 10 of this act, the school
- 13 district political subdivision shall refer the proposals for
- 14 recommendation to a selection committee. The selection committee
- 15 shall be a group of at least five persons designated by the school
- 16 district. political subdivision. Members of the selection committee
- 17 shall include (a) members of the school board, governing body of
- 18 the political subdivision, (b) members of the school administration
- 19 or staff of the political subdivision, (c) the performance-criteria
- 20 developer when evaluating proposals from design-builders under
- 21 section 79-2008 8 of this act or the school's political
- 22 subdivision's architect or engineer when evaluating proposals from
- 23 construction managers under section $79-2010_{7}$ 10 of this act, (d)
- 24 any person having special expertise relevant to selection of a
- 25 design-builder or construction manager under the Nebraska Schools

1 Political Subdivisions Construction Alternatives Act, and (e) a

- 2 resident of the school district political subdivision other than
- 3 an individual included in subdivisions (a) through (d) of this
- 4 subsection. A member of the selection committee designated under
- 5 subdivision (d) or (e) of this subsection shall not be employed
- 6 by or have a financial or other interest in a design-builder or
- 7 construction manager who has a proposal being evaluated and shall
- 8 not be employed by the school district political subdivision or the
- 9 performance-criteria developer.
- 10 (2) The selection committee and the school district
- 11 political subdivision shall evaluate proposals taking into
- 12 consideration the criteria enumerated in subdivisions (a) through
- 13 (g) of this subsection with the maximum percentage of total points
- 14 for evaluation which may be assigned to each criterion set forth
- 15 following the criterion. The following criteria shall be evaluated,
- 16 when applicable:
- 17 (a) The financial resources of the design-builder or
- 18 construction manager to complete the project, ten percent;
- 19 (b) The ability of the proposed personnel of the
- 20 design-builder or construction manager to perform, thirty percent;
- 21 (c) The character, integrity, reputation, judgment,
- 22 experience, and efficiency of the design-builder or construction
- 23 manager, thirty percent;
- 24 (d) The quality of performance on previous projects,
- 25 thirty percent;

1 (e) The ability of the design-builder or construction

- 2 manager to perform within the time specified, thirty percent;
- 3 (f) The previous and existing compliance of the
- 4 design-builder or construction manager with laws relating to the
- 5 contract, ten percent; and
- 6 (g) Such other information as may be secured having a
- 7 bearing on the selection, twenty percent.
- 8 (3) The records of the selection committee in evaluating
- 9 proposals and making recommendations shall be considered public
- 10 records for purposes of section 84-712.01.
- 11 Sec. 12. Section 79-2012, Reissue Revised Statutes of
- 12 Nebraska, is amended to read:
- 14 management at risk contract may be conditioned upon later
- 15 refinements in scope and price and may permit the school district
- 16 political subdivision in agreement with the design-builder or
- 17 construction manager to make changes in the project without
- 18 invalidating the contract. Later refinements under this section
- 19 shall not exceed the scope of the project statement contained in
- 20 the request for proposals pursuant to section 79-2007 or 79-2009.
- 21 7 or 9 of this act.
- 22 Sec. 13. Section 79-2013, Reissue Revised Statutes of
- 23 Nebraska, is amended to read:
- 24 79-2013 Nothing in the Nebraska Schools Political
- 25 Subdivisions Construction Alternatives Act shall limit or

1 reduce statutory or regulatory requirements regarding bonding or

- 2 insurance.
- 3 Sec. 14. Section 79-2015, Reissue Revised Statutes of
- 4 Nebraska, is amended to read:
- 5 79-2015 (1) A school district political subdivision shall
- 6 not use a design-build contract or construction management at risk
- 7 contract for a construction project with locations on parcels of
- 8 land which are not contiguous except for specialty maintenance
- 9 projects.
- 10 (2) For purposes of this section, (a) a specialty
- 11 maintenance project is a construction project for the maintenance
- 12 of an existing facility with a specialty contractor, such as an
- 13 electrical contractor or plumbing contractor, and (b) parcels are
- 14 considered contiguous if they would be contiguous but for the
- 15 existence of a public road.
- 16 Sec. 15. Original sections 79-2001, 79-2002, 79-2003,
- 17 79-2004, 79-2005, 79-2006, 79-2007, 79-2008, 79-2009, 79-2010,
- 18 79-2011, 79-2012, 79-2013, and 79-2015, Reissue Revised Statutes of
- 19 Nebraska, are repealed.
- 20 Sec. 16. The following section is outright repealed:
- 21 Section 79-2014, Reissue Revised Statutes of Nebraska.